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and Debtor-In-Possession, RADIOLOGY SUPPORT DEVICES, INC.

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA – LOS ANGELES DIVISION

In re

RADIOLOGY SUPPORT DEVICES,
INC.

Debtor and Debtor-in-Possession.

) Case No. 2:17-bk-12054-ER
)
) Chapter 11
)
) **DEBTOR’S EMERGENCY MOTION FOR**
) **ORDER AUTHORIZING USE OF CASH**
) **COLLATERAL THROUGH APRIL 7, 2017;**
) **MEMORANDUM OF POINTS AND**
) **AUTHORITIES; DECLARATION OF**
) **MATTHEW ALDERSON AND BETTE**
) **HIRAMATSU IN SUPPORT THEREOF**
)
) **[Local Bankr. R. 9075-1(a)]**
)
) Date: [TO BE SET]
) Time: [TO BE SET]
) Place: Courtroom 1568
) 255 E. Temple St.
) Los Angeles, CA
)
)
)
)
)
)
)

TO THE HONORABLE ERNEST M. ROBLES, UNITED STATES BANKRUPTCY
JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE, SECURED CREDITORS,
AND ALL PARTIES IN INTEREST:

1 Radiology Support Devices, Inc., a California corporation and the debtor and debtor in
2 possession herein ("Debtor" or "RSD"), hereby moves the Court ("Motion") on an emergency
3 basis for an order:

- 4 1. Authorizing the Debtor to use cash on hand and the revenue received from the
5 Debtor's continuing business operations to pay critical and necessary expenses
6 associated with the Debtor's day to day, ordinary course business operations as
7 outlined in the budget ("Budget") attached to the *Declaration of Bette Hiramatsu*
8 ("Hiramatsu Declaration") as **Exhibit "1"**, which is incorporated herein by this
9 reference.
10
- 11 2. Authorizing the Debtor to make the expenditures provided for in the Budget and, if
12 necessary, to exceed the amounts set forth in the Budget by 15% of the budget total
13 provided that, if the Debtor's revenues increase above the projections in Debtor's
14 operating budget, then the Debtor's expenditures may increase in proportion to the
15 increase in actual revenues from budgeted revenues.
16
- 17 3. Granting Citibank, N.A. ("Citibank"), Wells Fargo Bank ("WFB"), Clay Lorinsky
18 ("Lorinsky") and the Internal Revenue Service ("IRS", hereinafter collectively with
19 Citibank, WFB, and Lorinsky shall be referred to as the "Secured Creditors"), a
20 replacement lien in the Debtor's post-petition cash and accounts receivable and the
21 proceeds thereof, to the same extent, validity, and priority of each respective
22 creditor's lien as of the Petition Date.
23

24 This Motion is made pursuant to 11 U.S.C. §363 and in accordance with Local
25 Bankruptcy Rules 4001-2 and 9075-1(a), on the grounds that:

- 26 (a) the payment of such expenses is critical to maintain the going concern value of the
27 Debtor;
28

1 (b) The payment of such expenses and continuation of such operations provides adequate
2 protection of the interests, if any, of the Secured Creditors in Debtor's cash collateral;
3 and

4 (c) The replacement lien offered by the Debtor provides further adequate protection of
5 the interests, if any, of such Secured Creditors in the cash collateral.
6

7 In the event the Debtor is not granted authority to use cash collateral on an emergency
8 basis as prayed for herein, the Debtor will be forced to immediately cease operations, lay off its
9 workers, close its doors and liquidate its assets, which will crater the value of the Debtor's
10 business, resulting in a massive loss for Secured Creditors and no value to be provided to the
11 general unsecured creditors of the estate. The Debtor's use of cash collateral as proposed herein
12 is to pay only the necessary and critical business expenses needed to maintain the going-concern
13 value of the business to the benefit of all creditors.
14

15 This Motion is based on the moving papers, on the appended Memorandum of Points and
16 Authorities, the *Declaration of Matthew Alderson* and *Declaration of Bette Hiramatsu* in support
17 thereof, and on such other evidence as may be presented to the Court prior to or at the hearing on
18 this Motion.
19

20
21
22 Dated: February 21, 2017

WEINTRAUB & SELTH, APC

23 By: /s/ Elaine V. Nguyen
24 Daniel J. Weintraub
25 James R. Selth
26 Elaine V. Nguyen
27 [Proposed] Counsel for
28 Debtor and Debtor-In-Possession
RADIOLOGY SUPPORT DEVICES, INC.

MEMORANDUM OF POINTS AND AUTHORITIES

I.

STATEMENT OF FACTS

A. Overview

On February 21, 2017 (“Petition Date”), Radiology Support Devices, Inc. (“RSD” or “Debtor”), commenced the instant bankruptcy case (“Case”) by filing an emergency petition under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 101 *et seq.* (“Bankruptcy Code”). RSD filed this Case in order to restructure its financial affairs and confirm a plan providing for the repayment of the allowed claims of its creditors over time in accordance with the provisions of the Bankruptcy Code. The Debtor generates enough revenue from its operations to pay creditor claims, but needs the relief and restructuring afforded by the Code in order to do so.

The Debtor continues its business operations as a debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code. By this Motion the Debtor requests authority to use cash on hand and the revenue received from the Debtor’s continuing business operations to pay critical and necessary expenses associated with the Debtor’s day to day, ordinary course business operations as outlined in the budget (“Budget”) attached to the Hiramatsu Declaration as **Exhibit 1**, which is incorporated herein by this reference.

The Debtor’s accounts receivables are projected to increase from \$43,465 to \$73,015 during the budget period. Attached to the Hiramatsu Declaration as **Exhibit 2** is the projected accounts receivable during the budget period. Furthermore, the Debtor’s cash balance is expected to increase from \$1,400 to \$57,383 during the budget period.

Because there will not be any diminution in the value of the collateral during the budget period and Debtor’s significant going concern value will be preserved, the Secured Creditors are

adequately protected under the meaning of Section 361 of the Bankruptcy Code by Debtor's ongoing business operations and the provision of replacement liens.

B. History and Management of the Debtor

As set forth in the Declaration of Matthew Alderson ("Alderson Declaration"), RSD was incorporated in 1988 by Samuel Alderson; the company develops and manufactures human "phantoms" (a medical term for a dummy), which are used to test and calibrate x-ray equipment and to test radiation cancer treatments by measuring the dose that would be delivered to a patient, as determined in a corresponding phantom. The Alderson RANDO phantom, and its successor the Alderson ART phantom, have become worldwide standards and are used in radiation therapy clinics.

RSD also manufactures the "PIXY", which is virtually an American standard for training radiologic technologists in taking x-rays. Matthew Alderson is the company's President. The company was founded by Mr. Alderson's grandfather, Samuel Alderson. RSD sells its products to university, hospitals, waste management centers, oncology centers, and schools around the world.

Currently, RSD has an office and manufacturing facility in Long Beach. RSD has 16 employees consisting of an office manager, Matthew Alderson, and 14 production employees.

C. Precipitation of Bankruptcy Filing

In 2005, Samuel Alderson died and left the company in a trust to his sons and grandchildren. Litigation over ownership of RSD between Matthew Alderson and his uncle ("Uncle") ensued over ownership of RSD, which resulted in RSD paying a settlement of \$500,000 plus legal fees to Uncle in 2010.

During this time, RSD's longtime controller and CFO Velle Eason very suddenly passed away from Cruetzfeldt-Jacob disease. RSD hired a new CFO, Drake Turner who stole and embezzled from the company and was negligent and did not provide Wells Fargo with the

1 financial documents requested by the bank, all of which caused significant damage to the
2 company and its operations. On September 22, 2015, RSD filed a lawsuit against Drake Turner
3 in the Los Angeles Superior Court of California Case No. NCO60292, titled *Radiology Support*
4 *Devices, Inc. and Matthew Alderson v. Drake Turner* for malpractice, fraud, negligence, and
5 breach of oral and written contract. The case is currently pending.
6

7 Subsequently, in 2016, two employees left RSD and stole proprietary company molds
8 and raw materials and tried to start their own business manufacturing and selling their own
9 phantoms. The molds, hand tools and raw materials are critical for the manufacturing of the
10 phantoms. The theft of these items in early 2016 caused such a grave disruption to the business
11 such that in April 2016 sales fell to less than \$9,000. The molds, tools and raw materials were
12 returned to the Debtor in the summer of 2016. Nevertheless, the impact of this theft caused sales
13 to plummet by \$1 million (a 46.7% decrease) from \$2.2 million in 2015 to \$1.2 million in 2016.
14

15 These events caused RSD to fall behind on its debt service to WFB, who in turn
16 commenced collection activities against RSD and Matthew Alderson, obtaining a judgment and
17 levying \$13,013.69 from RSD's bank accounts. After it was unable to settle with WFB, RSD
18 filed the instant case in order to halt WFB's collection activities, reorganize its financial affairs
19 and provide for creditor claims over time under a plan of reorganization which it expects to file
20 very shortly.
21

22 **D. Use of Cash Collateral And Adequate Protection of Creditors**

23 The Debtor has retained Ms. Hiramatsu, an experienced turnaround expert and with her
24 guidance, has isolated the critical expenses which need to be paid in the next forty-five (45) days,
25 all of which are specifically detailed in the Budget attached to the Hiramatsu Declaration. These
26 expenses include but are not limited to employee payroll and payroll taxes, rent, utilities,
27 materials, payments to vendors, and equipment leases. The Budget shows that the Debtor
28

1 generates positive earnings. Debtor's cash pool and cash flow is projected to remain stable
2 through Debtor's post-petition operations.

3 As of the Petition Date, the book value of the Debtor's assets are as follows:

- 4 - **Cash on hand:** \$1,400
- 5 - **Accounts receivable:** \$43,465
- 6 - **Inventory--Raw Materials:** \$20,000
- 7 - **Inventory—Finished Goods:** None. All product is made to order
- 8 - **Trade Secrets/ Intellectual Property:** unknown.

9
10 In March 2016, the Debtor received an offer in the amount of \$2,100,000.00 to purchase
11 the company as a going concern. This offer recently fell through.

12 The following creditors assert an interest in "cash collateral" as defined in Section
13 363(a):

- 14 - **Citibank N.A. ("Citibank").** In 2008 Citibank made loans and advances to the
15 Debtor ("Citibank Loan"). As of the Petition Date, the amounts due under the
16 Citibank Loan had an unpaid principal balance of approximately \$90,061.25.
17 Citibank asserts that the amounts due under the Citibank Loan are secured by a
18 perfected blanket lien on all or substantially all the Debtor's assets by the loan
19 documents and a UCC-1 Financing Statement filed on November 5, 2008, as
20 Document No. 08-7177587545.
21
22 - **Wells Fargo Bank, N.A. ("WFB").** In 2009, WFB made loans and advances to the
23 Debtor ("WFB Loan"). As of the Petition Date, the amounts due under the WFB
24 Loan had an unpaid principal balance of approximately \$323,636.08. WFB asserts
25 that the amounts due under the WFB Loan are secured by a blanket lien on all or
26 substantially all the Debtor's assets by the loan documents and a UCC-1 Financing
27 Statement filed on November 20, 2009 as Document No. 09-7214838507.
28

1 - **Clay Lorinsky (“Lorinsky”)**. In the fall of 2016, Mr. Lorinsky loaned the Debtor
2 funds for the specific purpose of purchasing inventory and raw materials (“Lorinsky
3 Loan”). As of the Petition Date, the amounts due under the Lorinsky Loan is
4 \$50,000.00. Lorinsky asserts the amounts due under the Lorinsky Loan are secured
5 by a UCC-1 Financing Statement filed on December 7, 2016 as Document No. 16-
6 7560050949.

7
8 - **Internal Revenue Service (“IRS”)**. On April 22, 2016, the IRS filed a “Notice of
9 Federal Tax Lien against the Debtor for unpaid taxes in the amount of \$35,774.79.

10 Attached hereto as **Exhibit 3** to the Alderson Declaration is a list of the UCC-1 financing
11 statements filed against the Debtor. The Debtor is in the process of investigating the extent,
12 validity, priority and perfection of the security interests of the Secured Creditors. Accordingly,
13 the Debtor reserves all rights with respect thereto, and nothing contained herein or in any filing
14 in connection with this Motion should be construed as an admission with respect to the extent,
15 validity, priority and perfection of any creditor’s security interest.

16
17 The Debtor proposes to grant replacement liens to the Secured Creditors in the Debtor’s
18 post-petition cash and accounts receivable and the proceeds thereof to the secured creditors, on a
19 dollar for dollar basis, to the same extent, validity, and priority of each respective creditor’s lien
20 as of the Petition Date, to the extent that cash collateral is used.

21
22 Without authorization to use cash collateral, the Debtor has no other source of income
23 with which pay the operating expenses and will be forced to cease operations and shut down. All
24 of the Budget expenses are necessary to preserve the going-concern value of the business for the
25 benefit of the estate and the estate’s creditors.

26 //

27 //

II.

DEBTOR'S USE OF CASH COLLATERAL

AND NEED FOR EMERGENCY RELIEF

The Debtor requests interim use of Cash Collateral as proposed in the Budget, and for authorization to exceed the amounts set forth in the Budget by no more than 15% of the budget total. Any expenditures in excess of this authorization will require authorization from the Court or the written approval from the Secured Creditors asserting an interest in the Cash Collateral. However, if the Debtor's revenues increase then the Debtor's expenditures may exceed the amount of expenditures set forth in the Budget in proportion to the increase in actual revenues from budgeted revenues. Any Budget savings may be carried over for use by the Debtor in subsequent periods.

The Budget is intended to provide sufficient working capital for the Debtor's operations so that the Debtor can reorganize its financial affairs and file a Chapter 11 Plan. In order to preserve the bankruptcy estate, the Debtor urgently requires that it be allowed to pay its ordinary and necessary business expenses as outlined in the Budget.

Emergency relief is appropriate. Section 363(c)(3) of the Bankruptcy Code states that a hearing on cash collateral "may be a preliminary hearing... but shall be scheduled in accordance with the needs of the debtor". See 11 U.S.C. §363(c)(3). Local Bankruptcy Rule 2081-1(a)(9) provides that a motion for emergency use of cash collateral may be heard either as an emergency motion or on shortened time. See L.B.R. 2081-1(a)(9). Further, courts have recognized that emergency relief on the use of cash collateral is necessary after a bankruptcy case is filed. The Ninth Circuit in In re Center Wholesale Inc., 759 F.2d 1440,1449 n.21 (9th Cir. 1985) recognized that cash collateral was crucial to the success of a successful reorganization:

1 We realize that “in certain circumstances, the entire reorganization effort may be
2 thwarted If emergency relief is withheld” and that reorganization under the Bankruptcy
3 Code “is a perilous process seldom more so than at the outset of the proceedings when
the debtor is often without sufficient cash flow to fund essential business operations.”

4 In re Center Wholesale Inc., 759 F.2d 1440,1449 n.21 (9th Cir. 1985).

5 Accordingly, the Bankruptcy Code and the Local Bankruptcy Rules authorize emergency
6 hearings on the issue of cash collateral.

7 Here, emergency use of cash collateral is necessary to prevent immediate and irreparable
8 harm to the Debtor, the estate and its creditors. Absent such use, the Debtor will have no funds
9 from which to conduct its operations, and will be forced to permanently discontinue its business
10 to the detriment of all its creditors. Any disruption in the Debtor’s business operations will
11 affect the Debtor’s ability to sell its product and very likely damage the Debtor’s reputation and
12 ability to generate the revenue needed to pay creditor claims.
13

14 In short, without the relief requested, the Debtor will not be able to operate.

15 **III.**

16 **SECTION 363 OF THE BANKRUPTCY CODE AUTHORIZES**

17 **THE DEBTOR’S USE OF CASH COLLATERAL**

18
19 To the extent that Citibank, WFB, Lorinsky and IRS have a perfected security interest in
20 the Debtor’s cash, the accounts receivables and in the proceeds thereof (collectively, the
21 “Accounts”), the Accounts constitute “cash collateral” under Section 363(a) of the Bankruptcy
22 Code. Section 363(c)(2) establishes a special requirement with respect to cash collateral,
23 providing that the trustee or debtor in possession may not use cash collateral under subsection
24 (c)(1) unless:
25

- 26 A. Each entity that has an interest in the cash collateral consents; or
27 B. The Court determines, after notice and a hearing, that the interest of all
28 parties claiming an interest in the cash collateral are adequately protected.

11 U.S.C. §363(c)(2)

1
2 As of the filing of this Motion, the Debtor has not obtained the consent of the Secured
3 Creditors to use cash collateral. Therefore, pursuant to Section 363(c)(2)(B), Court authorization
4 is required.

5 Authorization to use cash collateral to pay ordinary and necessary business expenses is
6 appropriate and in the best interest of this estate as it permits the Debtor and opportunity to
7 reorganize its financial affairs. There is no prejudice the Secured Creditors whose interests are
8 adequately protected by Debtor's continued operations.
9

10 **IV.**

11 **PROPOSED ADEQUATELY PROTECTION**

12 Section 361 of the Bankruptcy Code Provides that:

13 [W]hen adequate protection is required ... of an interest of an entity in property, such
14 adequate protection may be provided by –

15 (1) requiring the trustee to make a cash payment or periodic cash payments to such entity,
16 to the extent that the ... use ... under Section 363 of this title ... results in a decrease in the
17 value of such entity's interest in such property;

18 (2) providing to such entity an additional or replacement lien to the extent that such ... use
19 ... results in a decrease in the value of such entity's interest in such property; or

20 (3) granting such other relief ... as will result in the realization by such entity of the
indubitable equivalent in such entity's interest in such property.

21 11 U.S.C. § 361.

22 Neither Section 361, nor any other provision of the Bankruptcy Code defines the nature
23 and extent of the “interest in property” in which a secured creditor is entitled to adequate
24 protection under Section 361. However, the statute plainly provides that a qualifying interest
25 demands protection only to the extent that the use of the creditor's collateral will result in a
26 decrease in “the value of such entity's interest in such property.” 11 U.S.C. § 361. See also
27
28

1 Gen. Elec. Mortgage Corp. v. S. Vill, Inc. (In re S. Vill., Inc.), 25 B.R. 987, 989-90 & N.4
2 (Bankr. D. Utah 1982).

3 The phrase “value of such entity’s interest,” although not defined in the Bankruptcy
4 Code, was addressed by the Supreme Court in the landmark decision, United Sav. Ass’n of Tex.
5 V. Timbers of Inwood Forest Assoc. Ltd., 484 U.S. 365 (1988). For the meaning of “value of
6 such entity’s interest,” the Supreme Court was guided by Section 506(a), which defines a
7 creditor’s allowed secured claim:
8

9 The phrase “value of such creditor’s interest” in §506(a) means “the value of collateral.”
10 H.R. Rep. No. 950-595, pp. 181, 356 (1977); see also S. Rep. No. 95-989, p. 68 (1978),
11 U.S. Code Cong. & Admin. News, 1978 pp. 5787, 5854, 6141, 6312. We think the
12 phrase “value of such entity’s interest” in §361(1) and (2), when applied to secured
13 creditors, means the same.

14 Id. at 630.

15 Timbers teaches that a secured creditor is entitled to “adequate protection” only against
16 diminution in the value of the collateral securing the creditor’s allowed secured claim. Under
17 Timbers, therefore, where the “value of the collateral” is not diminishing by its use, sale or lease,
18 the creditor’s interest is adequately protected. This conclusion flows directly from the
19 equivalency of “value of such entity’s interest” with “value of the collateral.”

20 The entitlement to and measure of protection required is therefore determined by the
21 extent of the anticipated or actual decrease, if any, in the value of the secured creditor’s collateral
22 during the course of the bankruptcy case. See In re First S. Sav. Ass’n, 850 F.2d 700, 710 (5th
23 Cir. 1987); In re Mellor, 734 F.2d 1396, 1400 (9th Cir. 1984). Said another way, it is “intended
24 by the Bankruptcy Code only to assure that a secured creditor, during the pendency of a
25 bankruptcy case, does not suffer a loss in the value of its interest in property of the bankruptcy
26 estate.” In re McCombs Properties VI, Ltd., 88 B.R. 261 (Bankr. C.D. Cal. 1988).

27 **A. The Assets Securing the Claims of the Secured Creditors Will Not Decrease**
28 **in Value during the Pendency of the Chapter 11 Case**

1 The Debtor's accounts receivable are projected to increase from \$43,465 to \$73,015
2 during the budget period. Debtor's accounts receivables have a 90% realization rate as these are
3 long term customers, universities and hospitals.

4 Furthermore, the Debtor's cash balance is expected to increase from \$1,400 to \$57,383
5 during this period due to the pre-filing restructuring work completed by the Debtor.
6

7 Because there will not be any diminution in the value of the collateral during the budget
8 period (in fact, Debtor projects an increase), said creditors are adequately protected under the
9 meaning of Section 361 of the Bankruptcy Code by Debtor's ongoing business operations and
10 the provision of replacement liens.
11

12 **B. Use of Cash Collateral Will Preserve the Debtor's Going Concern Value to**
13 **the Benefit of Secured Creditors**

14 Further, the continued operation of the Debtor's business will preserve the Debtor's
15 going-concern value, enable the Debtor to capitalize on that value through a reorganization, and
16 ultimately enable the Debtor to confirm a chapter 11 plan. However, if the Debtor is not allowed
17 to use Cash Collateral, the Debtor's operations and revenues will cease and the Debtor's business
18 will immediately deteriorate in value to the detriment of the Secured Creditors. Here, without
19 funds to pay operating expenses the Debtor will have to close its doors.
20

21 It is well established that a bankruptcy court, where possible, should resolve issues in
22 favor of preserving the business of the debtor as a going concern. As stated by the Eleventh
23 Circuit:
24

25 A debtor, attempting to reorganize a business under Chapter 11, clearly has a compelling
26 need to use "cash collateral" in its effort to rebuild. Without the availability of cash to
27 meet daily operating expenses such as rent, payroll, utilities, etc., the congressional
28 policy favoring rehabilitation over economic failure would be frustrated.

Chrysler Creditor Com. v. Ruggiere (In re George Ruggiere Chrysler-Plymouth, Inc.), 727 F.2d
1017, 1019 (11th Cir. 1984); see also Northwest Airlines Com. v. Ass'n of Flight Attendants-CW

1 A (In re Northwest Airlines Com.), 349 B.R. 338, 380 (S.D.N.Y. 2006) ("The Bankruptcy Code
2 embodies a strong policy in favor of reorganization").

3 Courts regularly authorize the use of cash collateral to enhance or preserve the debtor's
4 going concern value. For example, in Stein v. United States Farmers Home Administration (In
5 re Stein), 19 B.R. 458, 460 (Bankr. E.D. Pa. 1982), the court allowed a debtor to use cash
6 collateral where the secured party was undersecured, finding that the use of cash collateral was
7 necessary to the debtor's continued operations, and that the creditor's "secured position can only
8 be enhanced by the continued operation of the [debtor's business]."

9
10 In the case of Mbank Dalls, N.A. v. O'Connor (In re O'Connor), 808 F.2d 1393 (10th Cir.
11 1987), the court eloquently summarized the foregoing principle as follows:

12
13 Because the ultimate benefit to be achieved by a successful reorganization inures to all
14 the creditors of the estate, a fair opportunity must be given to the Debtor to achieve that
15 end. Thus while interests of the secured creditor . . . are of concern to the court, the
16 interests of all other creditors also have bearing upon the question of whether use of cash
17 collateral shall be permitted during the early stages of administration.

18 The first effort of the Court must be to insure the value of the collateral will be preserved.
19 Yet prior to confirmation for a plan of reorganization, the test of that protection is not by
20 the same measurements applied to treatment of a secured creditor in a proposed plan. In
21 order to encourage the Debtor's efforts in the formative period prior to proposal of a
22 reorganization, the court must be flexible in apply the adequate protection standard.

23 Id. at 1397-98.

24 This sentiment is echoed in other cases. In the case of In re Shockey Forest Industries,
25 Inc., 5 B.R. 160, 162 (Bankr. N.D. Ga. 1980), the Bankruptcy court held "Chapter 11 is designed
26 for the purpose of preventing dissolution of an otherwise viable corporation. A court should not
27 precipitously sound the death knell for a debtor by prematurely determining that the Debtor's
28 prospects for economic revival are poor. At this time the Court has no basis on which to
conclude the debtor cannot be rehabilitated."

1 The Debtor's ability to maintain business relationships with sales representatives with
2 hospitals and colleges, and the Debtor's ability to meet payroll and other critical operations
3 expenses is essential to the continuation of the Debtor's business as a going concern. Indeed,
4 absent use of Cash Collateral, the Debtor's business will be brought to an immediate halt, with
5 disastrous consequences for the Debtor, the estate, the employees and all the Debtor's creditors.
6 Far from being diminished, Secured Creditors, therefore, can only be enhanced by the Debtor's
7 use of Cash Collateral and the concomitant continued operation of the Debtor's business. See In
8 re Dynaco Corp., 162 B.R. 389, 395-96 (Bankr. D.N.H. 1983) (finding that the alternative to the
9 Debtor's use of cash collateral, termination of its business, would doom reorganization and any
10 chance to maximize value for creditors). As set forth in the Budget, Debtor anticipates that it
11 will continue to earn profits. Thus, the creditors' interests are adequately protected.
12

13
14 **C. The Replacement Liens Adequately Secured Creditors**

15 While the Debtor contends that Secured Creditors are adequately protected by the
16 Debtor's continued operations of the business, as further adequate protection against the post-
17 petition decrease in the value of pre-petition collateral, if any, the Debtor agrees to grant the
18 Secured Creditors a replacement lien and security interest against the Debtor's post-petition
19 assets as well as the proceeds and products thereof. However, replacement lien shall only be
20 valid and enforceable to the same extent, against the same type of property and in the same
21 priority as the security interest and liens that Citibank, WFB, Lorinsky and the IRS enjoyed
22 immediately prior to the Petition Date and only on a dollar for dollar basis of cash collateral
23 actually expended. The replacement lien shall be recognized only to the extent of the post-
24 petition diminution in value of the Secured Creditor's pre-petition collateral resulting from the
25 Debtor's use of the cash collateral during this Chapter 11 case. The replacement lien shall not
26 attach to claims, rights and causes of action arising under Title 5 of the Bankruptcy Code.
27
28

The Bankruptcy Code expressly provides that granting additional or replacement liens is a means of adequate protection. 11 U.S.C. § 361(2). See In re Center Wholesale, Inc., 759 F.2d 1440, 1450 (9th Cir. 1985) (observing that a lien on additional property of the debtor would likely constitute adequate protection for the secured creditor); In re Musicland Holding Cord., 362 B.R. 644, 648 (Bankr. S.D.N.Y. 2007) (finding that a replacement lien on the estate's post-petition assets would qualify as adequate protection and thus permit the debtor to use the cash collateral).

V.

**COMPLIANCE WITH RULE 4001 OF THE
FEDERAL RULES OF BANKRUPTCY PROCEDURE AND LOCAL RULE 4001-1(c)**

Pursuant to Rule 4001(c)(1)(B) of the Federal Rules of Bankruptcy Procedure (“Bankruptcy Rules”) and Local Rule 4001-2(a), the Debtor submits that the relief requested pertaining to the use of cash collateral does not contain any of the following provisions:

Provision	
Cross-collateralization clauses, i.e., clauses that secure pre-petition debt by post-petition assets in which the secured party would not otherwise have a security interest by virtue of its pre-petition security agreement. See 11 U.S.C. § 552.	No
Provisions or findings of fact that bind the estate or all parties-in-interest with respect to the validity, perfection, or amount of the secured party’s lien or debt.	No
Provisions or findings of fact that bind the estate or all parties-in-interest with respect to the relative priorities of the secured party’s lien and liens held by persons who are not parties to the stipulation. (This would include, for example, an order approving a stipulation providing that the secured party’s lien is a “first priority” lien.)	No
Waivers of 11 U.S.C. § 506(c), unless the waiver is effective only during the period in which the debtor is authorized to use cash collateral or borrow funds.	No
Provisions that operate to divest the debtor-in- possession of any discretion in the formulation of a plan or administration of the estate or limit access to the court to seek any relief under other applicable provisions of law.	No
Releases of liability for the creditor’s alleged pre-petition torts or breaches of contract.	No
Waivers of avoidance actions arising under the Bankruptcy Code.	No

Automatic relief from the automatic stay upon default, conversion to chapter 7, or appointment of a trustee.	No
Waivers of the procedural requirements for foreclosure mandated under applicable nonbankruptcy law.	No
Adequate protection provisions that create liens on claims for relief arising under the Bankruptcy Code (see 11 U.S.C. §§ 506(c), 544, 545 and 547-549).	No
Waivers, effective on default or expiration, of the debtor's right to move for a court order pursuant to 11 U.S.C. § 363(c)(2)(B) authorizing the use of cash collateral in the absence of the secured party's consent.	No
Findings of fact on matters extraneous to the approval process. (For example, in connection with an application to borrow on a secured basis, a finding that the debtor cannot obtain unsecured credit would be acceptable, whereas a "finding" that the lender acted in good faith in declaring the prepetition loan in default would not be acceptable.)	No

VI.

COMPLIANCE WITH RULE 4001(b)

This motion is brought pursuant to Rule 4001(b) of the Bankruptcy Rules. In compliance with FRBP 4001(b)(1)(B), the instant Motion sets forth the name of each entity asserting an interest in the cash collateral, the purposes for the use of cash collateral, duration, and an explanation regarding adequate protection for each entity asserting a cash collateral interest.

Pursuant to FRBP 4001(b)(1)(C), the Debtor will serve a copy of the Motion upon (1) any entity with an interest in the cash collateral; (2) the creditors included on the list filed under Rule 1007(d); and (3) all parties requesting special notice; and (4) the Office of the United States Trustee.

VII.

CONCLUSION

WHEREFORE the Debtor respectfully requests that the Court enter an order:

1. Granting the Motion.
2. Authorizing the Debtor to use cash on hand and the revenue received from the Debtor's continuing business operations to pay critical and necessary expenses associated with the Debtor's day to day, ordinary course business operations as outlined in the budget ("Budget") attached to the

Declaration of Bette Hiramatsu (“Hiramatsu Declaration”) as **Exhibit**

“1”, which is incorporated herein by this reference.

3. Authorizing the Debtor to make the expenditures provided for in the Budget and, if necessary, to exceed the amounts set forth in the Budget by 15% of the budget total provided that, if the Debtor’s revenues increase above the projections in Debtor’s operating budget, then the Debtor’s expenditures may increase in proportion to the increase in actual revenues from budgeted revenues.
4. Granting Citibank, N.A. (“Citibank”), Wells Fargo Bank (“WFB”), Clay Lorinsky (“Lorinsky”) and the Internal Revenue Service (“IRS”, hereinafter collectively with Citibank, WFB, and Lorinsky referred to as the “Secured Creditors”), a replacement lien in the Debtor’s post-petition cash and accounts receivable and the proceeds thereof, to the same extent, validity, and priority of each respective creditor’s lien as of the Petition Date.

Dated: February 21, 2017

WEINTRAUB & SELTH, APC

By: /s/ Elaine V. Nguyen
Daniel J. Weintraub
James R. Selth
Elaine V. Nguyen
[Proposed] Attorneys for Debtor and
Debtor-In-Possession,
RADIOLOGY SUPPORT DEVICES, INC.

DECLARATION OF BETTE HIRAMATSU

I, Bette Hiramatsu, declare and state as follow:

1. I am the principal of Hiramatsu & Associates, Inc. ("H&A"), the financial consultant to Radiology Support Devices, Inc. the debtor and debtor in possession herein. Unless otherwise stated, each of the facts contained in this declaration is based on my personal knowledge.

2. I have been a turnaround and management consultant since 1991. Prior to that, I spent ten years in commercial banking as a Vice President with commercial lending authority.

3. I have reviewed the Debtor's historical monthly financial statements for 2016 and 2017 and the Debtor's cash receipts and cash disbursements during this time. I have also reviewed the Debtor's books and records as they relate to the Debtor's customer purchase orders, accounts receivables, and inventory.

4. Attached hereto as **Exhibit 1** are the cash projections I prepared through April 7, 2017. The projections reflect only critical and necessary expenses of the Debtor needed to maintain its operations.

5. As part of the cash projections, I also prepared a spreadsheet which reflects the Debtor's projected accounts receivables during the budget period, a copy of which is attached hereto as **Exhibit 2**. The Debtor's accounts receivable are projected to increase during the 45 day period, and are based on purchase orders already on hand.

I declare under penalty of perjury, under the laws of the United States, that the foregoing is true and correct, and that this declaration was executed by me on the 21st day of February, 2017 at Los Angeles, California.


BETTE HIRAMATSU

DECLARATION OF MATTHEW ALDERSON

I, Matthew Alderson, hereby declare and state as follows:

4. I am an individual over the age of eighteen and am the President of Radiology Support Devices, Inc., a California corporation and the debtor and debtor in possession herein ("Debtor" or "RSD"). Each of the facts contained in this declaration is based on my personal knowledge and books and records of the Debtor kept in the ordinary course. If called as a witness, I could and would competently testify thereto.

5. On February 20, 2017 ("Petition Date"), RSD commenced the instant bankruptcy case ("Case") by filing an emergency petition under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 101 *et seq.* RSD filed this Case in order to restructure its financial affairs and confirm a plan providing for the repayment of the allowed claims of its creditors over time in accordance with the provisions of the Bankruptcy Code. The Debtor generates enough revenue from its operations to pay creditor claims, but needs the relief and restructuring afforded by the Code in order to do so.

6. The Debtor requests authority to use cash on hand and the revenue received from the Debtor's continuing business operations to pay critical and necessary expenses associated with the Debtor's day to day, ordinary course business operations as outlined in the budget ("Budget") attached to the Hiramatsu Declaration as **Exhibit 1**, which is incorporated herein by this reference.

7. The Debtor's accounts receivables are projected to increase from \$43,465 to \$73,015 during the budget period. Debtor's accounts receivables have a 90% realization rate as these are long term customers, universities and hospitals. Attached to the Hiramatsu Declaration as **Exhibit 2** is the projected accounts receivable during the budget period. Furthermore, the

1 Debtor's cash balance is expected to increase from \$1,400 to \$57,383 during this period due to
2 the pre-filing restructuring work completed by the Debtor.

3 **History and Management of the Debtor**

4 8. RSD was incorporated in 1988 by my grandfather Samuel Alderson; the company
5 develops and manufactures human "phantoms" (a medical term for a dummy), which are used to
6 test and calibrate x-ray equipment and to test radiation cancer treatments by measuring the dose
7 that would be delivered to a patient, as determined in a corresponding phantom. The Alderson
8 RANDO phantom, and its successor the Alderson ART phantom, have become worldwide
9 standards and are used in radiation therapy clinics.
10

11 9. RSD also manufactures the "PIXY", which is virtually an American standard for
12 training radiologic technologists in taking x-rays. RSD sells its products to university, hospitals,
13 waste management centers, oncology centers, and schools around the world.
14

15 10. Currently, RSD has an office and manufacturing facility in Long Beach. RSD has
16 16 employees consisting of myself, an office manager, and 14 production employees.

17 **Precipitation of Bankruptcy Filing**

18 11. In 2005, Samuel Alderson died and left the company in a trust to his sons and
19 grandchildren. Litigation over ownership of RSD between myself and my uncle ensued over
20 ownership of RSD, which resulted in RSD paying a settlement of \$500,000 plus legal fees to my
21 uncle in 2010.
22

23 12. During this time, RSD's longtime controller and CFO Velle Eason very suddenly
24 passed away from Cruetzfeldt-Jacob disease. RSD hired a new CFO, Drake Turner who stole
25 and embezzled from the company and was negligent and did not provide Wells Fargo with the
26 financial documents requested by the bank, all of which caused significant damage to the
27 company and its operations.
28

1 13. On September 22, 2015, RSD filed a lawsuit against Drake Turner in the Los
2 Angeles Superior Court of California Case No. NCO60292, titled *Radiology Support Devices,*
3 *Inc. and Matthew Alderson v. Drake Turner* for malpractice, fraud, negligence, and breach of
4 oral and written contract. The case is currently pending.

5 14. Subsequently, in 2016, two employees left RSD and stole proprietary company
6 molds and raw materials and tried to start their own business manufacturing and selling their
7 own phantoms. The molds, hand tools and raw materials are critical for the manufacturing of the
8 phantoms. The theft of these items in early 2016 caused such a grave disruption to the business
9 such that in April 2016 sales fell to less than \$9,000. The molds, tools and raw materials were
10 returned to the Debtor in the summer of 2016. Nevertheless, the impact of this theft caused sales
11 to plummet by \$1 million (a 46.7% decrease) from \$2.2 million in 2015 to \$1.2 million in 2016.
12

13 15. These events caused RSD to fall behind on its debt service to WFB, who in turn
14 commenced collection activities against me and RSD, obtaining a judgment and levying
15 \$13,013.69 from RSD's bank accounts. After RSD was unable to settle with WFB, RSD filed
16 the instant case in order to halt WFB's collection activities, reorganize its financial affairs and
17 provide for creditor claims over time under a plan of reorganization which it expects to file very
18 shortly.
19

20 **Use of Cash Collateral And Adequate Protection of Creditors**

21 16. Ms. Hiramatsu and I have isolated the critical expenses which need to be paid in
22 the next forty-five (45) days, all of which are specifically detailed in the Budget attached to the
23 Hiramatsu Declaration. These expenses include but are not limited to employee payroll and
24 payroll taxes, rent, utilities, materials, payments to vendors, and equipment leases. The Budget
25 shows that the Debtor generates positive earnings. Debtor's cash pool and cash flow is projected
26 to remain stable through Debtor's post-petition operations.
27
28

1 17. As of the Petition Date, the book value of the Debtor's assets are as follows:

- 2 - **Cash on hand:** \$1,400
3 - **Accounts receivable:** \$43,465
4 - **Inventory--Raw Materials:** \$20,000
5 - **Inventory—Finished Goods:** None. All product is made to order
6 - **Trade Secrets/ Intellectual Property:** unknown.
7

8 18. In March 2016, the Debtor received an offer in the amount of \$2,100,000.00 to
9 purchase the company as a going concern. This offer recently fell through.

10 19. Attached hereto as **Exhibit 3** to is a list of the UCC-1 financing statements filed
11 against the Debtor. The Debtor is in the process of investigating the extent, validity, priority and
12 perfection of the security interests of the Secured Creditors. Accordingly, the Debtor reserves all
13 rights with respect thereto, and nothing contained herein or in any filing in connection with this
14 Motion should be construed as an admission with respect to the extent, validity, priority and
15 perfection of any creditor's security interest.
16

17 20. The following creditors have a lien on the Debtor's cash:

- 18 - **Citibank N.A. ("Citibank").** In 2008 Citibank made loans and advances to the Debtor
19 ("Citibank Loan"). As of the Petition Date, the amounts due under the Citibank Loan had
20 an unpaid principal balance of approximately \$90,061.25. Citibank asserts that the
21 amounts due under the Citibank Loan are secured by a perfected blanket lien on all or
22 substantially all the Debtor's assets by the loan documents and a UCC-1 Financing
23 Statement filed on November 5, 2008, as Document No. 08-7177587545.
24
25 - **Wells Fargo Bank, N.A. ("WFB").** In 2009, WFB made loans and advances to the
26 Debtor ("WFB Loan"). As of the Petition Date, the amounts due under the WFB Loan
27 had an unpaid principal balance of approximately \$323,636.08. WFB asserts that the
28 amounts due under the WFB Loan are secured by a blanket lien on all or substantially all

1 the Debtor's assets by the loan documents and a UCC-1 Financing Statement filed on
2 November 20, 2009 as Document No. 09-7214838507.

- 3 - **Clay Lorinsky ("Lorinsky")**. In the fall of 2016, Mr. Lorinsky loaned the Debtor funds
4 for the specific purpose of purchasing inventory and raw materials ("Lorinsky Loan").

5 As of the Petition Date, the amounts due under the Lorinsky Loan is \$50,000.00.

6 Lorinsky asserts the amounts due under the Lorinsky Loan are secured by a UCC-1
7 Financing Statement filed on December 7, 2016 as Document No. 16-7560050949.

- 8 - **Internal Revenue Service ("IRS")**. On April 22, 2016, the IRS filed a "Notice of
9 Federal Tax Lien against the Debtor for unpaid taxes in the amount of \$35,774.79.
10

11 21. Without authorization to use cash collateral, the Debtor has no other source of
12 income with which pay the operating expenses and will be forced to cease operations and shut
13 down. All of the Budget expenses are necessary to preserve the going-concern value of the
14 business for the benefit of the estate and the estate's creditors.
15

16 22. Here, emergency use of cash collateral is necessary to prevent immediate and
17 irreparable harm to the Debtor, the estate and its creditors. Absent such use, the Debtor will have
18 no funds from which to conduct its operations, and will be forced to permanently discontinue its
19 business to the detriment of all its creditors.
20

21 23. Any disruption in the Debtor's business operations will affect the Debtor's ability
22 to sell its product and very likely damage the Debtor's reputation and ability to generate the
23 revenue needed to pay creditor claims.

24 24. Furthermore, if the Debtor is unable to pay vendors and payroll, the Debtor's
25 employees will most likely leave the company and find work elsewhere.
26
27
28

1 I declare under penalty of perjury, under the laws of the United States, that the foregoing
2 is true and correct, and that this declaration was executed by me on the ____ day of February 20,
3 2017 at _____, California.
4

5
6 MATTHEW ALDERSON
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EXHIBIT 1

RADIOLOGY SUPPORT DEVICES, INC.

CASH FLOW PROJECTIONS FOR THE 6.6 WEEK PERIOD

2/22/17 - 4/7/17

Week Beginning	3 Days 2/22/2017	Week 2 2/27/2017	Week 3 3/6/2017	Week 4 3/13/2017	Week 5 3/20/2017	Week 6 3/27/2017	Week 7 4/3/2017	6.6 Weeks 2/22/16 - 4/7/17
Cash Receipts								
A/R Collections	65,508	25,541	43,269	12,120	37,980	8,112	10,900	203,430
Other Cash Receipts								-
Total Cash Receipts	65,508	25,541	43,269	12,120	37,980	8,112	10,900	203,430
Cash Disbursements								
Product Purchases		9,075	1,700	1,700	1,700	1,700	7,700	23,575
Shipping Expense/Supplies		872	436	436	436	436	436	3,052
Payroll - Production		5,466	9,110	9,110	9,110	9,110	9,110	51,016
Payroll Taxes (All Payroll)		1,957	1,398	1,398	1,398	1,398	1,398	8,946
Production Contractor			750			1,000		1,750
Bank & Finance Charges		150				150		300
Dues & Subscriptions								-
Financial Advisory (Hiramatsu & Assoc)								-
Insurance- General Liability					635			635
Insurance- Workers' Compensation							5,635	5,635
Insurance- Auto		150			150			300
Insurance- Health				537			537	1,074
Interest								-
IT Expenses - Software & Licenses								-
Meals & Entertainment								-
Office Supplies								-
Outside Services (Bookkeeper)		240	240	240	240	240	240	1,440
Payroll - Executive		1,731	2,885	2,885	2,885	2,885	2,885	16,154
Payroll - Office		428	713	713	713	713	713	3,992
Payroll Processing		35	35	35	35	35	35	210
Permits and Licenses								-
Postage								-
Professional Fees - CPA								-
Professional Fees-Legal (WS&N)								-
Professional Fees-Legal (General)								-
Rent			12,527				12,527	25,054
Rubbish Removal				145				145
Telephone (Land Line)					500			500
Telephone (Mobile)		275			275			550
Travel								-
Utilities (Water/Power)			1,000				1,000	2,000
Utilities (Gas)				160				160
Vehicle Expense		480				480		960
Citibank - Payment								-
Wells Fargo - Payment								-
Total Cash Disbursements	-	20,858	30,793	17,358	18,076	18,146	42,215	147,447
Net Cash Flow	65,508	4,683	12,475	(5,238)	19,903	(10,034)	(31,315)	55,983
Beginning Bank Balance	1,400	66,908	71,591	84,067	78,829	98,732	88,698	1,400
Ending Bank Balance	66,908	71,591	84,067	78,829	98,732	88,698	57,383	57,383

FOR THE 6.6 WEEK PERIOD OF 2/22/17 - 4/07/17

Purpose	Vendor	WEEK 1			WEEK 2				
		Wed. 2/22/2017	Thurs. 2/23/2017	Fri. 2/24/2017	Mon. 2/27/2017	Tues. 2/28/2017	Wed. 3/1/2017	Thurs. 3/2/2017	Fri. 3/3/2017
Raw Material Purchases	Various							2,000	1,400
Raw Material Purchases	PTM & W						5,675		
Raw Material Purchases	Eckert & Zeigler								
Shipping Expenses/Supplies	Various							450	422
Payroll - Production	Production Employees (14)								5,466
Payroll Taxes (All Payroll)	IRS and EDD						1,118		839
Production Contractor (Physicist)	Jay Fan, PhD								
Bank & Finance Charges	Citibank					150			
Financial Advisory	Hiramatsu & Associates								
Insurance- General Liability	Liberty Mutual								
Insurance- Workers' Compensation	The Hartford								
Insurance- Auto	Allstate Insurance							150	
Insurance- Health	Blue Shield								
Interest									
Outside Services (Bookkeeper)	Ann Webster								240
Payroll - Executive	Matthew Alderson								1,731
Payroll - Office	Employee (1)								428
Payroll Processing	ADP								35
Professional Fees - CPA									
Professional Fees-Legal	Weintraub, Selth & Nguyen								
Professional Fees-Legal (General)									
Rent	Wilmington Associates								
Rubbish Removal	Waste Management								
Telephone (Land Line)	Birch Communications								
Telephone (Mobile)	Verizon						275		
Utilities (Water/Power)	So California Edison								
Utilities (Gas)	So California Gas								
Vehicle Expense	CarMax						480		
Citibank - Payment	Citibank								
Wells Fargo - Payment	Wells Fargo Bank								
TOTAL PER DAY		-	-	-	-	150	7,548	2,600	10,560
TOTAL PER WEEK		-							
		20,858							

FOR THE 6.6 WEEK PERIOD OF 2/22/17 - 4/07/17

Purpose	Vendor	WEEK 3					WEEK 4				
		Mon.	Tues.	Wed.	Thurs.	Fri.	Mon.	Tues.	Wed.	Thurs.	Fri.
		3/6/2017	3/7/2017	3/8/2017	3/9/2017	3/10/2017	3/13/2017	3/14/2017	3/15/2017	3/16/2017	3/17/2017
Raw Material Purchases	Various		1,000			700		1,000			700
Raw Material Purchases	PTM & W										
Raw Material Purchases	Eckert & Zeigler										
Shipping Expenses/Supplies	Various		225			211		225			211
Payroll - Production	Production Employees (14)					9,110					9,110
Payroll Taxes (All Payroll)	IRS and EDD					1,398					1,398
Production Contractor (Physicist)	Jay Fan, PhD				750						
Bank & Finance Charges	Citibank										
Financial Advisory	Hiramatsu & Associates										
Insurance- General Liability	Liberty Mutual										
Insurance- Workers' Compensation	The Hartford										
Insurance- Auto	Allstate Insurance										
Insurance- Health	Blue Shield						537				
Interest											
Outside Services (Bookkeeper)	Ann Webster					240					240
Payroll - Executive	Matthew Alderson					2,885					2,885
Payroll - Office	Employee (1)					713					713
Payroll Processing	ADP					35					35
Professional Fees - CPA											
Professional Fees-Legal	Weintraub, Selth & Nguyen										
Professional Fees-Legal (General)											
Rent	Wilmington Associates	12,527									
Rubbish Removal	Waste Management						145				
Telephone (Land Line)	Birch Communications										
Telephone (Mobile)	Verizon										
Utilities (Water/Power)	So California Edison			1,000							
Utilities (Gas)	So California Gas						160				
Vehicle Expense	CarMax										
Citibank - Payment	Citibank										
Wells Fargo - Payment	Wells Fargo Bank										
TOTAL PER DAY		12,527	1,225	1,000	750	15,292	842	1,225	-	-	15,292
TOTAL PER WEEK						30,794					17,359

FOR THE 6.6 WEEK PERIOD OF 2/22/17 - 4/07/17

Purpose	Vendor	WEEK 5					WEEK 6				
		Mon.	Tues.	Wed.	Thurs.	Fri.	Mon.	Tues.	Wed.	Thurs.	Fri.
		3/20/2017	3/21/2017	3/22/2017	3/23/2017	3/24/2017	3/27/2017	3/28/2017	3/29/2017	3/30/2017	3/31/2017
Raw Material Purchases	Various		1,000			700		1,000			700
Raw Material Purchases	PTM & W										
Raw Material Purchases	Eckert & Zeigler										
Shipping Expenses/Supplies	Various		225			211		225			211
Payroll - Production	Production Employees (14)					9,110					9,110
Payroll Taxes (All Payroll)	IRS and EDD					1,398					1,398
Production Contractor (Physicist)	Jay Fan, PhD								1,000		
Bank & Finance Charges	Citibank										150
Financial Advisory	Hiramatsu & Associates										
Insurance- General Liability	Liberty Mutual	635									
Insurance- Workers' Compensation	The Hartford										
Insurance- Auto	Allstate Insurance			150							
Insurance- Health	Blue Shield										
Interest											
Outside Services (Bookkeeper)	Ann Webster					240					240
Payroll - Executive	Matthew Alderson					2,885					2,885
Payroll - Office	Employee (1)					713					713
Payroll Processing	ADP					35					35
Professional Fees - CPA											
Professional Fees-Legal	Weintraub, Selth & Nguyen										
Professional Fees-Legal (General)											
Rent	Wilmington Associates										
Rubbish Removal	Waste Management										
Telephone (Land Line)	Birch Communications			500							
Telephone (Mobile)	Verizon			275							
Utilities (Water/Power)	So California Edison										
Utilities (Gas)	So California Gas										
Vehicle Expense	CarMax						480				
Citibank - Payment	Citibank										
Wells Fargo - Payment	Wells Fargo Bank										
TOTAL PER DAY		635	1,225	925	-	15,292	480	1,225	1,000	-	15,442
TOTAL PER WEEK		18,077					18,147				

FOR THE 6.6 WEEK PERIOD OF 2/22/17 - 4/07/17

Purpose	Vendor	WEEK 7					TOTAL
		Mon. 4/3/2017	Tues. 4/4/2017	Wed. 4/5/2017	Thurs. 4/6/2017	Fri. 4/7/2017	6.6 Weeks 2/22 - 4/7/17
Raw Material Purchases	Various		1,000			700	11,900
Raw Material Purchases	PTM & W						
Raw Material Purchases	Eckert & Zeigler			6,000			6,000
Shipping Expenses/Supplies	Various		225			211	3,052
Payroll - Production	Production Employees (14)					9,110	51,016
Payroll Taxes (All Payroll)	IRS and EDD					1,398	8,946
Production Contractor (Physicist)	Jay Fan, PhD						1,750
Bank & Finance Charges	Citibank						300
Financial Advisory	Hiramatsu & Associates						-
Insurance- General Liability	Liberty Mutual						635
Insurance- Workers' Compensation	The Hartford	5,635					5,635
Insurance- Auto	Allstate Insurance						300
Insurance- Health	Blue Shield					537	1,074
Interest							-
Outside Services (Bookkeeper)	Ann Webster					240	1,440
Payroll - Executive	Matthew Alderson					2,885	16,156
Payroll - Office	Employee (1)					713	3,993
Payroll Processing	ADP					35	210
Professional Fees - CPA							-
Professional Fees-Legal	Weintraub, Selth & Nguyen						-
Professional Fees-Legal (General)							-
Rent	Wilmington Associates					12,527	25,054
Rubbish Removal	Waste Management						145
Telephone (Land Line)	Birch Communications						500
Telephone (Mobile)	Verizon						550
Utilities (Water/Power)	So California Edison					1,000	2,000
Utilities (Gas)	So California Gas						160
Vehicle Expense	CarMax						960
Citibank - Payment	Citibank						-
Wells Fargo - Payment	Wells Fargo Bank						-
TOTAL PER DAY		5,635	1,225	6,000	-	29,356	147,451
TOTAL PER WEEK						42,216	147,451

EXHIBIT 2

RADIOLOGY SUPPORT DEVICES, INC.
CASH FLOW PROJECTIONS FOR THE 6.6 WEEK PERIOD
2/22/17 - 4/7/17

Week Beginning

ACCOUNTS RECEIVABLES

Beginning Account Receivables

Credit Sales

Less: Collections

Ending Account Receivables

3 Days	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	6.6 Weeks
2/22/2017	2/27/2017	3/6/2017	3/13/2017	3/20/2017	3/27/2017	4/3/2017	2/22/16 - 4/7/17
43,465	59,519	36,096	40,991	69,425	37,024	53,913	43,465
81,562	2,118	48,164	40,555	5,578	25,001	30,002	232,980
(65,508)	(25,541)	(43,269)	(12,120)	(37,980)	(8,112)	(10,900)	(203,430)
59,519	36,096	40,991	69,425	37,024	53,913	73,015	73,015

EXHIBIT 3

INFORMATION REQUEST

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT [optional] UCC Administrator 916-564-7800	FILING OFFICE ACCT#
B. E-MAIL CONTACT AT FILER [optional] 	
C. RETURN TO: (Name and Address) CLAS INFORMATION SERVICES 2020 HURLEY WAY STE 350 SACRAMENTO, CA 95825 USA	

DOCUMENT NUMBER: 59265470003
ORDER DATE: 01/18/2017 16:41

IMAGE GENERATED ELECTRONICALLY FOR WEB ORDER
THE ABOVE SPACE IS FOR CA FILING OFFICE USE ONLY

1. DEBTOR'S NAME to be searched: Provide only <u>one</u> Debtor name (1a or 1b) (use exact, full name, do not omit, modify, or abbreviate any part of the Debtor's name)				
OR	1a. ORGANIZATION NAME RADIOLOGY SUPPORT DEVICES, INC.			
	1b. INDIVIDUAL SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

2. INFORMATION OPTIONS relating to UCC filings and other notices filed in filing office that include as a Debtor the name identified in item 1

☒ For 2a and 2b, mark this box to request a search that is **COMPLETE** to include **lapsed and unlapsed** filings. **UNLESS MARKED, SEARCH MAY BE INCOMPLETE.**

2a. ☐ **SEARCH RESPONSE** with copies of ALL records found. ☐ Please **CERTIFY** all copies (**additional \$5.00 fee per record**).

2b. ☒ **SEARCH RESPONSE** only.

2c. ☐ **COPIES ONLY.** Please complete the information below, as appropriate. For UCC3 records, include the type of UCC3 and corresponding filing date.

File Number	# of Copies	# of Certified Copies (Add'l Fee Applies)	File Date (Use for UCC3 Only)	Filing Type-Financing Statement, Cont., Term., Assign., Amend.

3. CALIFORNIA SECRETARY OF STATE'S OFFICE offers these additional searching options:

3a. ☐ **SEARCH TO REFLECT** - Please run the search after the filing document accompanying this request has been filed.

3b. ☐ **DEBTOR SEARCH LIMITED TO THE FOLLOWING ADDRESS:** _____

3c. ☐ **DEBTOR SEARCH LIMITED FROM THIS DATE:** _____

3d. ☐ **SECURED PARTY LISTING:** Insert only one name (organization or individual)

OR	ORGANIZATION NAME			
	INDIVIDUAL SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
CITY		STATE	COUNTRY	

FILING OFFICE COPY



SECRETARY OF STATE
STATE OF CALIFORNIA

Search Certificate

SEARCH REQUESTED ON:

01/18/2017

Organization Debtor: **RADIOLOGY SUPPORT DEVICES, INC.**

Address: **NOT SPECIFIED**

Date Range From: **NOT SPECIFIED**

Search: **ALL**

*** Indicates Filings that have been accepted after the Certification Date.**

<u>Original Filing #</u>	<u>Filing Type</u>	<u>File Date</u>	<u>File Time</u>	<u>Lapse Date</u>	<u># of Pages</u>
08-7177587545	Financing Statement	11/05/2008	10:53	11/05/2018	1

Debtor:

Organization: RADIOLOGY SUPPORT DEVICES, INC.
1904 EAST DOMINGUEZ STREET, LONG BEACH CA USA, 90810

Secured Party:

Organization: CITIBANK, N.A.
3950 REGENT BLVD. S2B-240, IRVING TX USA, 75063

<u>Amendment Filing #</u>	<u>Filing Type</u>	<u>File Date</u>	<u>File Time</u>	<u># of Pages</u>
13-73696883	Continuation	07/16/2013	15:02	1

<u>Original Filing #</u>	<u>Filing Type</u>	<u>File Date</u>	<u>File Time</u>	<u>Lapse Date</u>	<u># of Pages</u>
09-7214838507	Financing Statement	11/20/2009	06:46	11/20/2019	1

Debtor:

Organization: RADIOLOGY SUPPORT DEVICES, INC.
1904 E. DOMINGUEZ ST., LONG BEACH CA USA, 90810

Secured Party:

Organization: WELLS FARGO BANK, NATIONAL ASSOCIATION
1455 W. LAKE STREET STE. 306, MINNEAPOLIS MN USA, 55408

<u>Amendment Filing #</u>	<u>Filing Type</u>	<u>File Date</u>	<u>File Time</u>	<u># of Pages</u>
14-74132778	Continuation	05/27/2014	10:12	1

<u>Original Filing #</u>	<u>Filing Type</u>	<u>File Date</u>	<u>File Time</u>	<u>Lapse Date</u>	<u># of Pages</u>
09-7215340637	Financing Statement	11/25/2009	11:07	11/25/2019	2

Debtor:

Organization: RADIOLOGY SUPPORT DEVICES, INC.
1904 E DOMINGUEZ, LONG BEACH CA USA, 90810

Secured Party:

Organization: WELLS FARGO BANK, N.A.
PO BOX 8203, BOISE ID USA, 83707-2203

<u>Amendment Filing #</u>	<u>Filing Type</u>	<u>File Date</u>	<u>File Time</u>	<u># of Pages</u>
14-74157432	Continuation	06/13/2014	09:54	1

<u>Original Filing #</u>	<u>Filing Type</u>	<u>File Date</u>	<u>File Time</u>	<u>Lapse Date</u>	<u># of Pages</u>
14-7434646059	State Tax Lien	10/30/2014	17:00	10/30/2024	1

Debtor:

Organization: RADIOLOGY SUPPORT DEVICES, INC.
1904 E DOMINGUEZ ST, DOMINGUEZ CA USA, 90810 1002

Secured Party:

Organization: EMPLOYMENT DEVELOPMENT DEPARTMENT
PO BOX 826880, SACRAMENTO CA US, 94280

<u>Amendment Filing #</u>	<u>Filing Type</u>	<u>File Date</u>	<u>File Time</u>	<u># of Pages</u>
15-74471409	Termination	01/26/2015	17:00	1

<u>Original Filing #</u>	<u>Filing Type</u>	<u>File Date</u>	<u>File Time</u>	<u>Lapse Date</u>	<u># of Pages</u>
15-7446221092	Federal Tax Lien	01/20/2015	17:00	02/19/2025	1

Debtor:

Organization: RADIOLOGY SUPPORT DEVICES INC A CORPORATION
1904 E DOMINGUEZ ST, LONG BEACH CA USA, 90810 1002

Secured Party:

Organization: IRS/OHIO
P.O. BOX 145595, CINCINNATI OH US, 45250 5595

<u>Amendment Filing #</u>	<u>Filing Type</u>	<u>File Date</u>	<u>File Time</u>	<u># of Pages</u>
15-74920764	Termination	10/23/2015	17:00	1

<u>Original Filing #</u>	<u>Filing Type</u>	<u>File Date</u>	<u>File Time</u>	<u>Lapse Date</u>	<u># of Pages</u>
16-7523377405	Federal Tax Lien	04/22/2016	17:00	05/22/2026	1

Debtor:

Organization: RADIOLOGY SUPPORT DEVICES INC A CORPORATION
1904 E DOMINGUEZ ST, LONG BEACH CA USA, 90810 1002

Secured Party:

Organization: IRS/OHIO
P.O. BOX 145595, CINCINNATI OH US, 45250 5595

<u>Original Filing #</u>	<u>Filing Type</u>	<u>File Date</u>	<u>File Time</u>	<u>Lapse Date</u>	<u># of Pages</u>
16-7530881342	Judgement Lien	06/13/2016	17:00	06/13/2021	2

Debtor:

Individual: ALDERSON MATTHEW
1904 DOMINGUEZ STREET, LONG BEACH CA USA, 90810

Organization: RADIOLOGY SUPPORT DEVICES, INC., A CALIFORNIA CORPORATION
1904 DOMINGUEZ STREET, LONG BEACH CA USA, 90810

Secured Party:

Organization: WELLS FARGO BANK, NATIONAL ASSOCIATION C/O HEMAR, ROUSSO
& HEALD, LLP
15910 VENTURA BLVD., 12TH FLOOR, ENCINO CA USA, 91436 2829

<u>Original Filing #</u>	<u>Filing Type</u>	<u>File Date</u>	<u>File Time</u>	<u>Lapse Date</u>	<u># of Pages</u>
16-7560050949	Financing Statement	12/07/2016	16:04	12/07/2021	2

Debtor:

Organization: RADIOLOGY SUPPORT DEVICES, INC.
1904 E. DOMINGUEZ, LONG BEACH CA USA, 90810

Secured Party:

Individual: LORINSKY CLAY
2000 NORTH FORK RD., STE. 161392, BIG SKY MT USA, 59716

Total Pages: 16

The undersigned Filing Officer hereby certifies that the above listing is a record of all presently active financing statements, tax liens, attachment liens and judgement liens, including any change documents relating to them, which name the above debtor, subject to any above-stated search qualifiers and are on file in my office as of **01/04/2017 at 1700 hours**.

The search results herein reflect only the specific information requested. The results of this Debtor search will not reflect variances of this name. If the Debtor is known under other personal names, trade names, business entities, or addresses, separate searches of these names will have to be requested and conducted. The Secretary of State, his officers and agents disclaim any and all liability for claims resulting from other filings on which the name of the Debtor can be found in any other form than which was requested.

A handwritten signature in black ink, appearing to read "Alex Padilla", with a stylized, cursive script.

Alex Padilla
Secretary of State

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]
Diligenz
(800)858-5294

B. SEND ACKNOWLEDGMENT TO: (Name and Address)
DILIGENZ INC
8500 HARBOR HEIGHTS PKWY STE 400
MUKILTEO, WA 98275
USA

DOCUMENT NUMBER: 18998340002
FILING NUMBER: 08-7177537545
FILING DATE: 11/05/2008 10:53
IMAGE GENERATED ELECTRONICALLY FOR XML FILING
THE ABOVE SPACE IS FOR CA FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (1a or 1b) - do not abbreviate or combine names

OR	1a. ORGANIZATION'S NAME Radiology Support Devices, Inc.			
	1b. INDIVIDUAL'S LAST NAME			
	FIRST NAME		MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS 1904 East Dominguez Street		CITY Long Beach	STATE CA	POSTAL CODE 90810
				COUNTRY USA
1d. SEE INSTRUCTIONS	ADD'L DEBTOR INFO	1e. TYPE OF ORGANIZATION Corporation	1f. JURISDICTION OF ORGANIZATION CA	1g. ORGANIZATIONAL ID#, if any C1630210 <input type="checkbox"/> NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (2a or 2b) - do not abbreviate or combine names

OR	2a. ORGANIZATION'S NAME			
	2b. INDIVIDUAL'S LAST NAME			
	FIRST NAME		MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
				COUNTRY
2d. SEE INSTRUCTIONS	ADD'L DEBTOR INFO	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID#, if any <input type="checkbox"/> NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - Insert only one secured party name (3a or 3b)

OR	3a. ORGANIZATION'S NAME Citibank, N.A.			
	3b. INDIVIDUAL'S LAST NAME			
	FIRST NAME		MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS 3950 Regent Blvd. S2B-240		CITY Irving	STATE TX	POSTAL CODE 75063
				COUNTRY USA

4. This FINANCING STATEMENT covers the following collateral:

All personal property of every kind and nature, including, without limitation, all accounts (including healthcare insurance receivables), goods (including inventory, equipment, fixtures and any accessions thereto and embedded software), chattel paper (whether electronic, tangible or intangible), documents, instruments (including promissory notes), general intangibles, letter of credit rights (whether or not the letter of credit is evidenced by a writing), supporting obligations, commercial tort claims, investment property (including securities), money, deposit accounts and other contract rights or rights to the payment of money; whether any of the foregoing is owned now or acquired later; all accessions, additions, replacements, and substitutions relating to any of the foregoing; all records of any kind relating to any of the foregoing; all proceeds relating to any of the foregoing (including insurance, general intangibles and accounts proceeds).

5. ALT DESIGNATION: ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING

☐ 6. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS
Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s)
[ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA

8885 [38128200]

FILING OFFICE COPY

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional] Gisella Melendez 800-331-3282				DOCUMENT NUMBER: 38587530002 FILING NUMBER: 13-73696883 FILING DATE: 07/16/2013 15:02 IMAGE GENERATED ELECTRONICALLY FOR XML FILING THE ABOVE SPACE IS FOR CA FILING OFFICE USE ONLY			
B. SEND ACKNOWLEDGMENT TO: (Name and Address) CT LIEN SOLUTIONS 2727 ALLEN PARKWAY HOUSTON, TX 77019 USA							
1a. INITIAL FINANCING STATEMENT FILE # 08-7177587545				1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS.			
2. <input type="checkbox"/> TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination.							
3. <input checked="" type="checkbox"/> CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.							
4. <input type="checkbox"/> ASSIGNMENT (full or partial): Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in item 9.							
5. AMENDMENT (PARTY INFORMATION): This Amendment affects <input type="checkbox"/> Debtor or <input type="checkbox"/> Secured Party of record. Check only <u>one</u> of these. Also check <u>one</u> of the following three boxes and provide appropriate information in items 6 and/or 7. <input type="checkbox"/> CHANGE name and/or address: Please refer to the detailed instructions in regards to changing the name/address of a party. <input type="checkbox"/> DELETE name: Give record name to be deleted in item 6a or 6b. <input type="checkbox"/> ADD name: Complete item 7a or 7b, and also item 7c							
6. CURRENT RECORD INFORMATION:							
6a. ORGANIZATION'S NAME							
OR							
6b. INDIVIDUAL'S LAST NAME		FIRST NAME		MIDDLE NAME		SUFFIX	
7. CHANGED (NEW) OR ADDED INFORMATION:							
7a. ORGANIZATION'S NAME							
OR							
7b. INDIVIDUAL'S LAST NAME		FIRST NAME		MIDDLE NAME		SUFFIX	
7c. MAILING ADDRESS		CITY		STATE	POSTAL CODE	COUNTRY	
7d. <u>SEE INSTRUCTIONS</u>		ADD'L DEBTOR INFO		7e. TYPE OF ORGANIZATION	7f. JURISDICTION OF ORGANIZATION	7g. ORGANIZATIONAL ID#, if any <input type="checkbox"/> NONE	
8. AMENDMENT (COLLATERAL CHANGE): check only <u>one</u> box. Describe collateral <input type="checkbox"/> deleted or <input type="checkbox"/> added, or give entire <input type="checkbox"/> restated collateral description, or describe collateral <input type="checkbox"/> assigned.							
9. NAME of SECURED PARTY of RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here <input type="checkbox"/> and enter name of DEBTOR authorizing this amendment.							
a. ORGANIZATION'S NAME Citibank, N.A.							
OR							
b. INDIVIDUAL'S LAST NAME		FIRST NAME		MIDDLE NAME		SUFFIX	
10. OPTIONAL FILER REFERENCE DATA CA-0-38984774-47607367							

FILING OFFICE COPY

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]
B. SEND ACKNOWLEDGMENT TO: (Name and Address) UCC DIRECT SERVICES 2727 ALLEN PARKWAY HOUSTON, TX 77019 USA

DOCUMENT NUMBER: 23028650002
FILING NUMBER: 09-7214838507
FILING DATE: 11/20/2009 06:46
IMAGE GENERATED ELECTRONICALLY FOR XML FILING
THE ABOVE SPACE IS FOR CA FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (1a or 1b) - do not abbreviate or combine names					
<input type="checkbox"/> 1a. ORGANIZATION'S NAME RADIOLOGY SUPPORT DEVICES, INC.					
OR <input type="checkbox"/> 1b. INDIVIDUAL'S LAST NAME <input type="checkbox"/> FIRST NAME <input type="checkbox"/> MIDDLE NAME <input type="checkbox"/> SUFFIX					
1c. MAILING ADDRESS 1904 E. DOMINGUEZ ST.		CITY LONG BEACH		STATE CA	POSTAL CODE 90810
1d. SEE INSTRUCTIONS		1e. TYPE OF ORGANIZATION Corporation		1f. JURISDICTION OF ORGANIZATION CA	
ADD'L DEBTOR INFO		1g. ORGANIZATIONAL ID#, if any C1630210		<input type="checkbox"/> NONE	
2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (2a or 2b) - do not abbreviate or combine names					
<input type="checkbox"/> 2a. ORGANIZATION'S NAME					
OR <input type="checkbox"/> 2b. INDIVIDUAL'S LAST NAME <input type="checkbox"/> FIRST NAME <input type="checkbox"/> MIDDLE NAME <input type="checkbox"/> SUFFIX					
2c. MAILING ADDRESS		CITY		STATE	POSTAL CODE
2d. SEE INSTRUCTIONS		2e. TYPE OF ORGANIZATION		2f. JURISDICTION OF ORGANIZATION	
ADD'L DEBTOR INFO		2g. ORGANIZATIONAL ID#, if any		<input type="checkbox"/> NONE	
3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - Insert only one secured party name (3a or 3b)					
<input type="checkbox"/> 3a. ORGANIZATION'S NAME Wells Fargo Bank, National Association					
OR <input type="checkbox"/> 3b. INDIVIDUAL'S LAST NAME <input type="checkbox"/> FIRST NAME <input type="checkbox"/> MIDDLE NAME <input type="checkbox"/> SUFFIX					
3c. MAILING ADDRESS 1455 W. LAKE STREET STE. 306		CITY MINNEAPOLIS		STATE MN	POSTAL CODE 55408
4. This FINANCING STATEMENT covers the following collateral: All Inventory, Accounts, Equipment, General Intangibles, Chattel Paper; whether any of the foregoing is owned now or acquired later; all accessions, additions, replacements, and substitutions relating to any of the foregoing; all records of any kind relating to any of the foregoing; all proceeds relating to any of the foregoing (including insurance, general intangibles and other accounts proceeds)					
5. ALT DESIGNATION: <input type="checkbox"/> LESSEE/LESSOR <input type="checkbox"/> CONSIGNEE/CONSIGNOR <input type="checkbox"/> BAILEE/BAILOR <input type="checkbox"/> SELLER/BUYER <input type="checkbox"/> AG. LIEN <input type="checkbox"/> NON-UCC FILING					
<input type="checkbox"/> 6. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS Attach Addendum [if applicable]			7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] <input type="checkbox"/> All Debtors <input type="checkbox"/> Debtor 1 <input type="checkbox"/> Debtor 2		
8. OPTIONAL FILER REFERENCE DATA CA-0-39882011-SBA 2N					

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UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional) Gisella Melendez 800-331-3282
B. SEND ACKNOWLEDGMENT TO: (Name and Address) CT LIEN SOLUTIONS 2727 ALLEN PARKWAY HOUSTON, TX 77019 USA

DOCUMENT NUMBER: 43183090002
 FILING NUMBER: 14-74132778
 FILING DATE: 05/27/2014 10:12
 IMAGE GENERATED ELECTRONICALLY FOR XML FILING
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1a. INITIAL FINANCING STATEMENT FILE # 09-7214838507	1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS.
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2. <input type="checkbox"/> TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination.

3. <input checked="" type="checkbox"/> CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.
--

4. <input type="checkbox"/> ASSIGNMENT (full or partial): Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in item 9.

5. AMENDMENT (PARTY INFORMATION): This Amendment affects <input type="checkbox"/> Debtor or <input type="checkbox"/> Secured Party of record. Check only <u>one</u> of these. Also check <u>one</u> of the following three boxes and provide appropriate information in items 6 and/or 7. <input type="checkbox"/> CHANGE name and/or address: Please refer to the detailed instructions in regards to changing the name/address of a party. <input type="checkbox"/> DELETE name: Give record name to be deleted in item 6a or 6b. <input type="checkbox"/> ADD name: Complete item 7a or 7b, and also item 7c
--

6. CURRENT RECORD INFORMATION:				
6a. ORGANIZATION'S NAME				
OR	6b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME
				SUFFIX

7. CHANGED (NEW) OR ADDED INFORMATION:				
7a. ORGANIZATION'S NAME				
OR	7b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME
				SUFFIX
7c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
				COUNTRY
7d. SEE INSTRUCTIONS	ADD'L DEBTOR INFO	7e. TYPE OF ORGANIZATION	7f. JURISDICTION OF ORGANIZATION	7g. ORGANIZATIONAL ID#, if any <input type="checkbox"/> NONE

8. AMENDMENT (COLLATERAL CHANGE): check only <u>one</u> box. Describe collateral <input type="checkbox"/> deleted or <input type="checkbox"/> added, or give entire <input type="checkbox"/> restated collateral description, or describe collateral <input type="checkbox"/> assigned.

9. NAME of SECURED PARTY of RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here <input type="checkbox"/> and enter name of DEBTOR authorizing this amendment.
--

a. ORGANIZATION'S NAME Wells Fargo Bank, National Association
OR
b. INDIVIDUAL'S LAST NAME
FIRST NAME
MIDDLE NAME
SUFFIX

10. OPTIONAL FILER REFERENCE DATA CA-0-43438047-48608002
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UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]					
B. SEND ACKNOWLEDGMENT TO: (Name and Address) UCC DIRECT SERVICES 2727 ALLEN PARKWAY HOUSTON, TX 77019 USA					
DOCUMENT NUMBER: 23083300002 FILING NUMBER: 09-7215340637 FILING DATE: 11/25/2009 11:07 IMAGE GENERATED ELECTRONICALLY FOR XML FILING THE ABOVE SPACE IS FOR CA FILING OFFICE USE ONLY					
1. DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (1a or 1b) - do not abbreviate or combine names					
1a. ORGANIZATION'S NAME RADIOLOGY SUPPORT DEVICES, INC.					
OR 1b. INDIVIDUAL'S LAST NAME					
1c. MAILING ADDRESS 1904 E DOMINGUEZ		CITY LONG BEACH		STATE CA	POSTAL CODE 90810
1d. SEE INSTRUCTIONS		1e. TYPE OF ORGANIZATION		1f. JURISDICTION OF ORGANIZATION	
ADD'L DEBTOR INFO		CA		1g. ORGANIZATIONAL ID#, if any C1630210	
2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (2a or 2b) - do not abbreviate or combine names					
2a. ORGANIZATION'S NAME					
OR 2b. INDIVIDUAL'S LAST NAME					
2c. MAILING ADDRESS		CITY		STATE	POSTAL CODE
2d. SEE INSTRUCTIONS		2e. TYPE OF ORGANIZATION		2f. JURISDICTION OF ORGANIZATION	
ADD'L DEBTOR INFO		2g. ORGANIZATIONAL ID#, if any		NONE	
3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - Insert only one secured party name (3a or 3b)					
3a. ORGANIZATION'S NAME Wells Fargo Bank, N.A.					
OR 3b. INDIVIDUAL'S LAST NAME					
3c. MAILING ADDRESS PO Box 8203		CITY Boise		STATE ID	POSTAL CODE 83707-2203
COUNTRY USA					
4. This FINANCING STATEMENT covers the following collateral: All accounts (including health care insurance receivables), deposit accounts, contract rights, chattel paper, (whether electronic or tangible), commercial tort claims, instruments, promissory notes, investment property, general intangibles (including payment intangibles and software), letter of credit rights, letters of credit, and other rights to payment of every kind now existing or at any time hereafter arising. All inventory, including all goods held for sale or lease or to be furnished under contracts for service, or goods so leased or furnished, raw materials, component parts, work in process and other materials used or consumed in Grantor's business, now or at any time hereafter owned or acquired by Grantor, wherever located, and all products thereof, whether in the possession of Grantor, any warehousemen, any bailee or any other person, or in process of delivery, and whether located at Grantor's places of business or elsewhere. All equipment, goods, tools, machinery, furnishings, furniture and other equipment and fixtures of every kind now existing or hereafter acquired, and all improvements, replacements, accessions and additions thereto and embedded					
5. ALT DESIGNATION: <input type="checkbox"/> LESSEE/LESSOR <input type="checkbox"/> CONSIGNEE/CONSIGNOR <input type="checkbox"/> BAILEE/BAILOR <input type="checkbox"/> SELLER/BUYER <input type="checkbox"/> AG. LIEN <input type="checkbox"/> NON-UCC FILING					
<input type="checkbox"/> 6. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS Attach Addendum [if applicable]			7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] <input type="checkbox"/> All Debtors <input type="checkbox"/> Debtor 1 <input type="checkbox"/> Debtor 2		
8. OPTIONAL FILER REFERENCE DATA CA-0-40070091-SBA 02					

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Page 2

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT		
9a. ORGANIZATION'S NAME RADIOLOGY SUPPORT DEVICES, INC.		
OR 9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

DOCUMENT NUMBER: 23083300002
IMAGE GENERATED ELECTRONICALLY FOR XML FILING
THE ABOVE SPACE IS FOR CA FILING OFFICE USE ONLY

11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names				
11a. ORGANIZATION'S NAME				
OR	11b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME SUFFIX
11c. MAILING ADDRESS		CITY	STATE	POSTAL CODE COUNTRY
11d. SEE INSTRUCTIONS	ADD'L DEBTOR INFO	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID#, if any NONE

12. ADDITIONAL SECURED PARTY'S or ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)				
12a. ORGANIZATION'S NAME				
OR	12b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME SUFFIX
12c. MAILING ADDRESS		CITY	STATE	POSTAL CODE COUNTRY

<p>13. This FINANCING STATEMENT covers <input type="checkbox"/> timber to be cut or <input type="checkbox"/> as-extracted collateral, or is filed as a <input type="checkbox"/> fixture filing.</p> <p>14. Description of real estate:</p> <p>15. Name and address of RECORD OWNER of above-described real estate (if Debtor does not have a record interest):</p>	<p>16. Additional collateral description:</p> <p>software included therein, whether located on any property owned or leased by Grantor or elsewhere, including without limitation, any of the foregoing now or at any time hereafter located at or installed on the land or in the improvements at any of the real property owned or leased by Grantor, and all such goods after they have been severed and removed from any of said real property.</p> <p>17. Check <u>only</u> if applicable and check <u>only</u> one box. Debtor is a <input type="checkbox"/> Trust or <input type="checkbox"/> Trustee acting with respect to property held in trust or <input type="checkbox"/> Decedent's Estate</p> <p>18. Check <u>only</u> if applicable and check <u>only</u> one box. <input type="checkbox"/> Debtor is a TRANSMITTING UTILITY <input type="checkbox"/> Filed in connection with a Manufactured-Home Transaction - effective 30 years <input type="checkbox"/> Filed in connection with a Public-Finance Transaction - effective 30 years</p>
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UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional] Gisella Melendez 800-331-3282				DOCUMENT NUMBER: 43461720002 FILING NUMBER: 14-74157432 FILING DATE: 08/13/2014 08:54 IMAGE GENERATED ELECTRONICALLY FOR XML FILING THE ABOVE SPACE IS FOR CA FILING OFFICE USE ONLY			
B. SEND ACKNOWLEDGMENT TO: (Name and Address) CT LIEN SOLUTIONS 2727 ALLEN PARKWAY HOUSTON, TX 77019 USA							
1a. INITIAL FINANCING STATEMENT FILE # 09-7215340637				1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS.			
2. <input type="checkbox"/> TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination.							
3. <input checked="" type="checkbox"/> CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.							
4. <input type="checkbox"/> ASSIGNMENT (full or partial): Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in item 9.							
5. AMENDMENT (PARTY INFORMATION): This Amendment affects <input type="checkbox"/> Debtor or <input type="checkbox"/> Secured Party of record. Check only <u>one</u> of these. Also check <u>one</u> of the following three boxes and provide appropriate information in items 6 and/or 7.							
<input type="checkbox"/> CHANGE name and/or address: Please refer to the detailed instructions in regards to changing the name/address of a party. <input type="checkbox"/> DELETE name: Give record name to be deleted in item 6a or 6b. <input type="checkbox"/> ADD name: Complete item 7a or 7b, and also item 7c							
6. CURRENT RECORD INFORMATION:							
6a. ORGANIZATION'S NAME							
OR							
6b. INDIVIDUAL'S LAST NAME		FIRST NAME		MIDDLE NAME		SUFFIX	
7. CHANGED (NEW) OR ADDED INFORMATION:							
7a. ORGANIZATION'S NAME							
OR							
7b. INDIVIDUAL'S LAST NAME		FIRST NAME		MIDDLE NAME		SUFFIX	
7c. MAILING ADDRESS		CITY		STATE		POSTAL CODE	
COUNTRY							
7d. SEE INSTRUCTIONS		ADD'L DEBTOR INFO		7e. TYPE OF ORGANIZATION		7f. JURISDICTION OF ORGANIZATION	
						7g. ORGANIZATIONAL ID#, if any	
						<input type="checkbox"/> NONE	
8. AMENDMENT (COLLATERAL CHANGE): check only <u>one</u> box. Describe collateral <input type="checkbox"/> deleted or <input type="checkbox"/> added, or give entire <input type="checkbox"/> restated collateral description, or describe collateral <input type="checkbox"/> assigned.							
9. NAME of SECURED PARTY of RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here <input type="checkbox"/> and enter name of DEBTOR authorizing this amendment.							
a. ORGANIZATION'S NAME Wells Fargo Bank, N.A.							
OR							
b. INDIVIDUAL'S LAST NAME		FIRST NAME		MIDDLE NAME		SUFFIX	
10. OPTIONAL FILER REFERENCE DATA CA-0-43694000-48683194							

FILING OFFICE COPY

Recording Requested By Internal Revenue
Service, When recorded mail to:

INTERNAL REVENUE SERVICE
PO BOX 145595, STOP 8420G
CINCINNATI, OH 45250-5585

16-7523377405

04/22/2016 17:00



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SECRETARY OF STATE



54897740020 UCC 1 FILING

For Optional Use by Recording Office

Form 668 (Y)(c)

(Rev. February 2004)

6788 Department of the Treasury - Internal Revenue Service

Notice of Federal Tax Lien

Area: SMALL BUSINESS/SELF EMPLOYED AREA #7

Serial Number

Lien Unit Phone: (800) 913-6050

208436916

As provided by section 6321, 6322, and 6323 of the Internal Revenue Code, we are giving a notice that taxes (including interest and penalties) have been assessed against the following-named taxpayer. We have made a demand for payment of this liability, but it remains unpaid. Therefore, there is a lien in favor of the United States on all property and rights to property belonging to this taxpayer for the amount of these taxes, and additional penalties, interest, and costs that may accrue.

Name of Taxpayer **RADIOLOGY SUPPORT DEVICES INC**
a Corporation

Residence **1904 E DOMINGUEZ ST**
LONG BEACH, CA 90810-1002

IMPORTANT RELEASE INFORMATION: For each assessment listed below, unless notice of the lien is refilled by the date given in column (e), this notice shall, on the day following such date, operate as a certificate of release as defined in IRC 6325(a).

Kind of Tax (a)	Tax Period Ending (b)	Identifying Number (c)	Date of Assessment (d)	Last Day for Refiling (e)	Unpaid Balance of Assessment (f)
1120	12/31/2014	XX-XXX4609	10/05/2015	11/04/2025	35774.79

Place of Filing

SECRETARY OF STATE
CALIFORNIA
SACRAMENTO, CA 94235

Total \$ 35774.79

This notice was prepared and signed at OAKLAND, CA, on this,
the 13th day of April, 2016.

Signature

Cheryl Cordery

Title
REVENUE OFFICER
(562) 491-7720

27-08-4630

for A. MUHAMMUD

(NOTE: Certificate of officer authorized by law to take acknowledgment is not essential to the validity of Notice of Federal Tax lien
Rev. Rul. 71-466, 1971 - 2 C.B. 409)

Form 668(Y)(c) (Rev. 2-2004)

ORIGINAL**16-7530881342****06/13/2016 17:00****NOTICE OF JUDGMENT LIEN**

FOLLOW INSTRUCTIONS CAREFULLY (front and back of form)

A. NAME & PHONE OF FILER'S CONTACT (optional)

PAMELA L. COX/STATE BAR NO. 191883/(818) 501-3800

B. SEND ACKNOWLEDGMENT TO: (NAME AND ADDRESS)

PAMELA L. COX**HEMAR, ROUSSO & HEALD, LLP****15910 Ventura Blvd., 12th Floor****Encino, CA 91436-2829**

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55679710002

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SECRETARY OF STATE

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THIS SPACE FOR FILING OFFICE USE ONLY

1. JUDGMENT DEBTOR'S EXACT LEGAL NAME - Insert only one name, either 1a or 1b. Do not abbreviate or combine names.

1a ORGANIZATION'S NAME

RADIOLOGY SUPPORT DEVICES, INC., a California corporation

1b INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

1c MAILING ADDRESS

1904 Dominguez Street

CITY

Long Beach

STATE

CA

POSTAL CODE

90810

COUNTRY

USA**2. JUDGMENT CREDITOR'S NAME - Do not abbreviate or combine names.**

2a ORGANIZATION'S NAME

WELLS FARGO BANK, National Association c/o HEMAR, ROUSSO & HEALD, LLP

2b INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE

SUFFIX

2c MAILING ADDRESS

15910 Ventura Blvd., 12th Floor

CITY

Encino

STATE

CA

POSTAL CODE

91436-2829

COUNTRY

USA**3. ALL PROPERTY SUBJECT TO ENFORCEMENT OF A MONEY JUDGMENT AGAINST THE JUDGMENT DEBTOR TO WHICH A JUDGMENT LIEN ON PERSONAL PROPERTY MAY ATTACH UNDER SECTION 697.530 OF THE CODE OF CIVIL PROCEDURE IS SUBJECT TO THIS JUDGMENT LIEN.**A. Title of court where judgment was entered: **SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES, SOUTH DISTRICT, LONG BEACH COURTHOUSE**B. Title of the action: **WELLS FARGO BANK, National Association, vs. RADIOLOGY SUPPORT DEVICES, INC., et al.**C. Number of this action: **NC059396**D. Date judgment was entered: **June 7, 2016**

E. Date of subsequent renewals of judgment (if any):

F. Amount required to satisfy judgment at date of this notice: \$ **437,729.81**G. Date of this notice: **June 13, 2016****4. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct:**

SIGNATURE - SEE INSTRUCTION NO. 4

PAMELA L. COX, Attorney for Plaintiff,**WELLS FARGO BANK, National Association c/o HEMAR, ROUSSO & HEMAR, LLP**FOR: **Plaintiff**Dated: **June 13, 2016**

(If not indicated, use same as date in item 3G.)

JUDGMENT LIEN ADDENDUM

FOLLOW INSTRUCTIONS CAREFULLY (FRONT AND BACK OF FORM)

55679710002

5. NAME OF JUDGMENT DEBTOR; (NAME OF FIRST DEBTOR ON RELATED JUDGMENT LIEN)

5a. ORGANIZATION'S NAME WELLS FARGO BANK, National Association			
5b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

6. ADDITIONAL JUDGMENT DEBTOR - insert only one name (6a or 6b):

6a. ORGANIZATION'S NAME			
6b. INDIVIDUAL'S LAST NAME ALDERSON	FIRST NAME MATTHEW	MIDDLE NAME	SUFFIX
6c. MAILING ADDRESS 1904 Dominguez Street	CITY Long Beach	STATE CA	POSTAL CODE 90810 COUNTRY USA

7. ADDITIONAL JUDGMENT DEBTOR - insert only one name (7a or 7b):

7a. ORGANIZATION'S NAME			
7b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE COUNTRY

8. ADDITIONAL JUDGMENT DEBTOR - insert only one name (8a or 8b):

8a. ORGANIZATION'S NAME			
8b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
8c. MAILING ADDRESS	CITY	STATE	POSTAL CODE COUNTRY

9. ADDITIONAL JUDGMENT CREDITOR - insert only one name (9a or 9b):

9a. ORGANIZATION'S NAME			
9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
9c. MAILING ADDRESS	CITY	STATE	POSTAL CODE COUNTRY

10. ADDITIONAL JUDGMENT CREDITOR - insert only one name (10a or 10b):

10a. ORGANIZATION'S NAME			
10b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
10c. MAILING ADDRESS	CITY	STATE	POSTAL CODE COUNTRY

UCC FINANCING STATEMENT
FOLLOW INSTRUCTIONS

16-7560050949

12/07/2016 16:04

A. NAME & PHONE OF CONTACT AT FILER (optional)	
B. E-MAIL CONTACT AT FILER (optional)	
Return To:	
CLAS WORLDWIDE INFORMATION SERVICES account number <u>4312</u> <u>BN/AS</u>	<u>www.clasinfo.com</u> 2020 Hurley Way, Suite 350 Sacramento, CA 95825 Tel: 916.564.7800 / 800.952.6696 Fax: 916.564.7900



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58628170002 UCC FILING

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME RADIOLOGY SUPPORT DEVICES, INC.				
OR	1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
1904 E. Dominguez	Los Angeles	CA	90810	USA

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME				
OR	2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME				
OR	3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
	LORINSKY	CLAY		
3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
2000 North Fork Rd., Ste. 161392	Big Sky	MT	59716	USA

4. COLLATERAL: This financing statement covers the following collateral:

"Collateral" means all of Debtor's right, title and interest in, to and under, the following, whether now owned or later acquired, including all of the following property and interests in property of Debtor, whether now owned or existing or hereafter created, acquired or arising and wheresoever located (the "Collateral"):

The Raw Materials purchased by Debtor with funds advanced by Secured Party including, without limitation, the Raw Materials specifically identified in Exhibit "A" and any additional Raw Materials which Debtor purchases with loan funds provided by Creditor which Raw Materials may be purchased in the future and all proceeds of such Raw Materials (including insurance proceeds), products, profits or replacements of and additions and accessions to all of the foregoing described properties and interest in those properties.

5. Check <u>only</u> if applicable and check <u>only</u> one box: Collateral is <input type="checkbox"/> held in a Trust (see UCC1Ad, item 17 and instructions) <input type="checkbox"/> being administered by a Decedent's Personal Representative	
6a. Check <u>only</u> if applicable and check <u>only</u> one box: <input type="checkbox"/> Public-Finance Transaction <input type="checkbox"/> Manufactured-Home Transaction <input type="checkbox"/> A Debtor is a Transmitting Utility	
6b. Check <u>only</u> if applicable and check <u>only</u> one box: <input type="checkbox"/> Agricultural Lien <input type="checkbox"/> Non-UCC Filing	
7. ALTERNATIVE DESIGNATION (if applicable): <input type="checkbox"/> Lessee/Lessor <input type="checkbox"/> Consignee/Consignor <input type="checkbox"/> Seller/Buyer <input type="checkbox"/> Bailee/Bailor <input type="checkbox"/> Licensee/Licensor	
8. OPTIONAL FILER REFERENCE DATA:	

EXHIBIT A

50628170002

No.	Qty Ordered	Qty Received	Description
1	1		Pail Kit- 5 Gallon NB26-21-1A A/B 40#
2			
3	1		Drum Kit- PT7290A A/B
4			
5	2		Drum Kit NB25-12-2 A/B
6			
7	2		5 Gallon Pail PA0828 Mold Release
8			
9			
10			